

H-3104-1 - BONDS

State or Nationwide Oil and Gas Bond,
Form 3120-20 (September 1966 Edition)

Form 3120-20
(September 1966)
(formerly 4-1187)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

STATE OR NATIONWIDE OIL AND GAS BOND
Act of February 25, 1920 (30 U.S.C. Sec. 181);
Act of August 7, 1947 (30 U.S.C. Sec. 351)

KNOW ALL MEN BY THESE PRESENTS, That we

of

as principal, and

of

as surety, are held and firmly bound unto the United States of America in the sum of _____ dollars (\$ _____), lawful money

of the United States, which sum may be increased or decreased by a rider hereto executed in the same manner as this bond, for the use and benefit of (1) the United States; (2) the owner of any of the land subject to the coverage of this bond, who has a statutory right to compensation in connection with a reservation of the oil and gas deposits to the United States; and (3) any lessee or permittee under a lease or permit issued by the United States prior to the issuance of an oil and gas lease for the same land subject to this bond, covering the use of the surface or the prospecting for, or development of, other mineral deposits in any portion of such land, to be paid to the United States. For such payment, well and truly to be made, we bind ourselves, and each of our heirs, executors, administrators, successors and assigns, jointly and severally.

If the amount of this bond is \$150,000 or if it is increased to that amount, the coverage shall extend to all of the principal's holdings of federal oil and gas leases in the United States, including Alaska, under the Acts cited in Schedule A.

If the amount of this bond is less than \$150,000, its coverage extends only to the principal's holdings of federal oil and gas leases in the States named in Schedule A and to any other State or States that may be named in a rider attached hereto by the lessor with the consent of the surety.

SCHEDULE A

Public Domain Leasing Act of February 25, 1920
(30 U.S.C. Sec. 181)

NAMES OF STATES

Acquired Lands Leasing Act of August 7, 1947
(30 U.S.C. Sec. 351)

NAMES OF STATES

The conditions of the foregoing obligations are such that, whereas the said principal has an interest in oil and gas leases issued under the Act or Acts cited in Schedule A of this bond: (1) as lessee; (2) as the approved holder of operating rights in all or part of the lands covered by such leases under operating agreements with the lessees; or (3) as designated operator or agent under such leases pending approval of an assignment or operating agreement; and

WHEREAS the principal is authorized to drill for, mine, extract, remove, and dispose of oil and gas deposits in or under the lands covered by the leases, operating agreements or designations and is obligated to comply with certain covenants and agreements set forth in such instruments; and

WHEREAS the principal and surety agree that without notice to the surety the coverage of this bond, in addition to the present holdings of the principal, shall extend to and include:

1. Any oil and gas lease hereafter issued to, or acquired by the principal in the States now named in Schedule A, or later named in a rider, the coverage to be confined to the principal's holdings under the Act or Acts cited at the head of the column in which the name of the State appears and to become effective immediately upon such issuance or upon departmental approval of a transfer in favor of the principal.

2. Any operating agreement hereafter entered into or acquired by the principal affecting oil and gas leases in the States now named in Schedule A, or later named in a rider. The coverage shall become

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effective immediately upon departmental approval of the agreement or of a transfer of an operating agreement to the principal.

3. Any designation subsequent hereto of the principal as operator or agent of a lessee under a lease issued pursuant to the Act or Acts cited in Schedule A and covering lands in a State named in Schedule A, either presently or by rider. This coverage shall become effective immediately upon the filing of such a designation under a lease.

4. Any extension of a lease covered by this bond, such coverage to continue without any interruption due to the expiration of the term set forth in the lease.

Provided, that the surety may elect to have the additional coverage authorized under this paragraph become inapplicable as to all interests of the principal acquired more than thirty (30) days after the receipt of notice of such election by the Bureau of Land Management.

The surety hereby waives any right to notice of, and agrees that this bond shall remain in full force and effect notwithstanding:

1. A transfer or transfers, either in whole or in part, of any or all of the leases, or of the operating agreements, and further agrees to remain bound under this bond as to the interests either in the leases or in the operating agreements, or in both, retained by the principal when the approval of the transfer or transfers become effective.

2. Any modification of a lease or operating agreement, or obligations thereunder, whether made or effected by commitment of such lease or operating agreement to unit, cooperative, communitization or storage, agreements, or development contracts, suspensions of operations or production, waivers, suspensions or changes in rental, minimum royalty and royalties, compensatory royalty payments, or otherwise; and

WHEREAS the principal and surety hereby agree that notwithstanding the termination of any lease or leases, operating agreements or designations as operator or agent, covered by this bond, whether the termination is by operation of law or otherwise, the bond shall remain in full force and effect as to all remaining leases, operating agreements, or designations covered by the bond; and

WHEREAS the principal, as to any lease or part of a lease for lands as to which he has been designated as operator or agent, or approved as operator, in consideration of being permitted to furnish this bond in lieu of the lessees, agrees and by these presents does hereby bind himself to fulfill on behalf of each lessee all obligations of each such lease for the entire leasehold in the same manner and to the same extent as though he were the lessee; and

WHEREAS the principal and surety agree that the neglect or forbearance of said lessor in enforcing, as against the lessees of such lessor, the payment of rentals or royalties or the performance of any other covenant, condition or agreement of the leases, shall not, in any way, release the principal and surety, or either of them, from any liability under this bond; and

WHEREAS the principal and surety agree that in the event of any default under the leases, the lessor may commence and prosecute any claim, suit, action, or other proceeding against the principal and surety, or either of them, without the necessity of joining the lessees.

NOW, THEREFORE, IF said principal shall in all respects faithfully comply with all of the provisions of the leases referred to hereinbefore, then the above obligations are to be void; otherwise to remain in full force and effect.

Signed on this _____ day of _____, 19____, in the presence of:

NAMES AND ADDRESSES OF WITNESSES

(Principal) (L.S.)

(Business address)

(Surety) (L.S.)

(Business address)

GPO 330-281